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LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

EXPERT INTERVIEWED ON ANDEAN COURT OF JUSTICE

Lima EL COMERCIO in Spanish 21 Aug 79 p 6

[Interview with Dr Fausto Vincés Zevallos, expert on Latin American integration; date, place, interviewer not given]

[Text] Dr Fausto Vincés Zevallos is one of our country's outstanding legal consultants on the subject of Latin American integration. For a decade now he has headed the General Directorate of Legal Advisers to the National Integration Office, the Ministry of Integration and the Secretariat of State for Integration, successively.

He represented our country at the meetings which resulted in the formation of the Andean Court of Justice, and he chaired the meeting of experts from the Andean countries which organized it. He has been a member of nearly all the Peruvian delegations which have participated in the negotiations of the Cartagena Agreement Commission over the last 10 years. He is a director of the Andean Development Corporation, with headquarters in Caracas; and head of the department of integration law at the Federico Villarreal National University; he was a member of the delegation sponsored by UNIDO [United Nations Industrial Development Organization] and CAF [Andean Development Corporation] for the "Study of the Economic and Technological Development of India in the Last 50 Years"; he is co-author of the work, "Estructura Jurídica del Acuerdo de Cartagena" [Legal Structure of the Cartagena Agreement] (two volumes); he has attended numerous events in his specialty and has been legal adviser to the Chamber of Deputies for 17 years.

Vincés Zevallos agreed to an interview with our newspaper to discuss the legal problems of the integration process, which was recently consolidated with the creation of the Andean Court of Justice, now being implemented. The following is a summary of the chief points of the interview:

Question: There are more than a half dozen treaties of Andean integration: in the economic field (Cartagena Agreement), financial (CAF), balance of payments (the Fund), social (Andrés Bello, Simón Rodríguez and Hipólito Unzué). Our question is: Do you not believe that the time has now come to draw up a compromise text of general integration, based on the existing

treaties and on the Cartagena Mandate, in which all these integration plans could be included? On the other hand, the Cartagena Mandate leads one to reflect on the possibility of restructuring various treaties, such as the Cartagena Agreement, which is riddled with protocols and expired provisions. What is your opinion?

Answer: As is noted, from February 1968 to the present, several legal instruments concerning the Subregional Andean Integration Process have been drawn up at government levels.

In May 1969, the Cartagena Agreement, referring to the economic and social integration of the Andean subregion, was signed and subsequently ratified, firming up what was contained in the Bogota Declaration in 1966 and the Declaration of the American Presidents, signed at Punta del Este in 1967. This legal instrument gives substance to and initiates the process of subregional integration.

In February 1968, or perhaps a year before that, the Constituent Agreement of the Andean Development Corporation was signed and subsequently ratified. This had its origin, like the Cartagena Agreement, in the Mixed Commission created by the Bogota Declaration. However, the Andean Development Corporation owes its existence to the Cartagena Agreement, since it is its financial organ and its object is to give impetus to subregional integration. Thus far in the life of the Agreement, there have also been signed and ratified the Additional Instrument of the Cartagena Agreement, for the admission of Venezuela, in 1973; the Protocols of Lima and Arequipa in October 1976, and April 1978, respectively; in January 1970, December 1971 and October 1973, in that order, the Andres Bello, Hipolito Unanue and Simon Rodriguez Conventions, concerning social integration in the fields of education, science, culture, health, labor and social security, the principal purpose of which is to make viable the basic objective of the Cartagena Agreement, consisting in obtaining a steady improvement in the standard of living of the inhabitants of the subregion; finally, in November 1976, the convention was signed and ratified which created the Andean Reserve Fund, whose chief purpose is to come to the aid of the balance of payments of the member countries, granting credits or guaranteeing loans by third parties.

The foregoing demonstrates that what could be considered a proliferation of international conventions or treaties which complicate, repeat or make it difficult to manage the problems of integration, has come about as the result of the dynamism, vitality, stability and development of a standard treaty, the Cartagena Agreement. In addition, each of them attends to specific needs, which are included in the objectives of the Cartagena Agreement and which all together represent a 10-year effort in the life of that agreement.

Question: That is to say, then, there will be no need to restructure, that the Cartagena Agreement will continue to have all those extras, as

for example, the practically useless Lima Protocol. Could you draw a concrete conclusion from your first answer?

Answer: In conclusion, the possibility of restructuring all the international conventions approved to date on subregional integration leads to two replies.

The first: The Cartagena Agreement, the Additional Agreement for the Admission of Venezuela, the Lima Protocol and the Arequipa Protocol, by mandate of this last, and because it is part of the legal provisions of the Cartagena Agreement, will be codified in a single text. That codification will be considered by the commission in its next special sessions, to be held from 3 to 7 September in Bogota, Colombia.

The second: The problem is not to incorporate the remaining treaties into the text of the agreement, since this would necessitate a new and difficult negotiation among the member countries, whose results would be unforeseeable and would endanger what has been achieved to date, but rather to initiate immediately, as provided in the Cartagena Mandate, actions conducive to the achievement of its rationality and coordination, for which purpose the actions of its organizations will cooperate in achieving common objectives, avoiding duplication of both human and economic effort.

Question: Has the concept of sovereignty changed with the creation of the Andean Court of Justice? Will the court be a more powerful organ than the Supreme Court of each country? If, in two national courts, the Supreme Court of Country A rules in a certain way on a matter and the Supreme Court of Country B rules in a contrary manner, can the Andean Court of Justice annul either decision? Does the Andean Court have greater jurisdiction than the governments in their administrative decisions?

Answer: The concept of traditional sovereignty has given way to a new concept of the same, by virtue of which the states, in exercising their sovereignty, delegate legislative and judicial faculties to supranational agencies. The various plans of integration which exist at present, such as the European Economic Community, the Cartagena Agreement, etc, have come about on the basis of this new concept of sovereignty. If it were not so, their existence would not be possible. In the first-named plan there is a commission and a court of justice with legislative and judicial powers delegated by the member states. With reference to the Cartagena Agreement, the commission makes decisions which apply in the territories of the member countries, and in the case of the Court of the Cartagena Agreement, in disputes such as noncompliance, the member country whose conduct has been the object of a claim will be obliged to take the necessary measures to execute the sentence. Regarding the question of whether the Court of Justice under the agreement is a higher power than the Supreme Court, it must be pointed out that its area of activity is different. The agreement's court exercises its jurisdiction in the area of integration at the subregional level. The Supreme Court of Justice operates in the area of the administration of justice at a national level, exercising its own powers, which are different from those of the agreement's Court of Justice.

Question: And concerning the annulment of supreme national decisions?

Answer: Regarding the possibility that the Court of Justice under the agreement might, in the case of different decisions handed down by the Supreme Courts of two countries, annul one of them, that is not possible, since the court, under the agreement, does not have, nor could it have, such jurisdiction or power.

Finally, and likewise, one cannot establish the possibility that the court may have greater jurisdiction than those of the governments in administrative matters, for the same reason expressed heretofore. The court of the agreement does not have, nor could it have, administrative powers or jurisdiction.

Question: I would like to insist on the point, for the purpose of clarity. Let me phrase the question this way: Can the Andean Court be conceived as the highest jurisdictional instance of the Andean countries?

Answer: The Court of the Cartagena Agreement, I repeat, has powers designed to resolve litigations or conflicts which arise in the area of integration and which violate or affect the legal provisions of the agreement. For this type of problem, and for no other, the Court of Justice of the Agreement is the only and final resort.

Question: I understand that in the European court, a citizen can take direct action regarding the decision of any national judicial administration. Could this also happen in our subregional integration plan?

Answer: The treaty which creates the court under the agreement, states, in paragraph 27, that legal or natural persons will have the right to come before the appropriate national courts, in accordance with the provisions of the internal law, when member countries fail to comply with the norms contained in Article 5 of the same, which places on member countries the obligation to adopt such measures as may be necessary to insure compliance with the norms contained in the legal provisions of the Cartagena Agreement.

Question: The Cartagena Mandate indicates that the integration process looks to the future formation of "a nation of republics." This implies an integration of a political type, where the highest institutions will be united or merged. Do you believe the necessary mechanisms exist which will lead to this "nation of republics"? What other mechanisms are necessary to achieve this? When do you think this important event will come about? Will the present Andean political borders disappear? Will the concept of "nation" disappear?

Answer: The formation of a "nation of republics" is the political objective which embodies the ideal of Latin American integration. However, as is obvious, the road to be traveled is quite long, and to achieve this it is indispensable to create the conditions which will make it viable. We are now traveling this road.

All the efforts which have been realized--ALA, ICA, the Central American Common Market, the Cartagena Agreement, SELA [Latin American Economic System], etc.--in one way or another are steps toward the achievement of integration at a regional level. The same could be said of what must be done in the future.

In the specific case of the Cartagena Agreement, basically it consists of a grand political plan which progressively suggests the achievement of an economic union of the countries which make up the Andean subregion and which would be the forerunner of its political union. For this we have a program of accomplishments proposed in the Agreement itself which, in addition to being a legal text, is a chronogram of work whose execution will be spread over a long period.

8735

CSO: 3010

WORKERS' PURCHASING POWER SEEN DETERIORATING RAPIDLY

La Paz PRESENCIA in Spanish 29 Jul 79 p 11

[Text] The purchasing power of working Bolivians has been deteriorating at a growing rate in recent months, with the result that the average national wage and salary level is far below optimum, according to the "Social Analysis" presented by the Bolivian Confederation of Private Businessmen at its Special Congress, which closed yesterday.

During his presentation, Raul Espana Smith, panelist and member of the Confederation of Private Businessmen, said that "the spectrum of Bolivian social conditions provides the most striking showcase of underdevelopment, that is, of the country's poverty level."

Regarding pay scales, Espana Smith said they show a rise in the average monthly salary level, and, citing Planning Ministry figures, he noted that the rise in pay scales had grown from 7 percent in 1976 to 18 percent in 1977. The latter percentage exceeded the inflation rate for that year.

He indicated that on the basis of official figures and assuming a "conservative estimate of growth," the average monthly salary today should exceed 4,000 bolivars.

He cautioned that this figure contains "part mirage resulting from these assumptions and from the growing deterioration of its real purchasing power in recent months," and affirmed that because of this "the average wage and salary level is far below optimum."

Annual Growth of 70,000 Employees Required

Espana asserted that the majority of private businessmen recognize the situation he described "and also recognize that the worker deserves a better quality of living. Most private businessmen, moreover are prepared to create the conditions that can shore up those aspects."

"However," he said, "this will require alleviation of some of the well-known limitations hindering an adequate improvement in pay scales."

He indicated that the principal "limitations" are rooted in the "structural factors that condition the growth of business activity itself—those stemming from the narrowness of the market, smuggling activities, restrictive and nationalization policies, and the irrationality of the tax structure in some sectors, to cite some of the main general causes."

Referring to the nation's work force, he again cited official figures, which indicate that between 1971 and 1975 it grew by 2.3 percent, maintaining a close relationship to the population growth of 2.1 percent.

9238

CSO: 3010

PUBLIC, FOREIGN DEBT AMORTIZATIONS SHOW INCREASES

La Paz EL DIARIO in Spanish 5 Aug 79 p 8

[Text] Amortization of the nation's public debt in 1978 totaled \$271.1 million, representing an increase of 170.3 percent over 1977.

It is noted, moreover, that, not counting refinancing in the amount of \$156 million, [the public debt] increased by only \$15.3 million.

Of the debt amortization payments remitted to financial organizations abroad, 76 percent went to foreign banks and 12.6 percent to "suppliers."

Interest Payments

According to the 1979 Annual Operating Plan, the largest portion--\$37 million representing 43.8 percent of the total-- of the interest payments made in 1978 on foreign debts pertained to the government.

Bolivian Government Oil Deposits paid \$16.7 million in 1978, or 19.8 percent of the total; COMIBOL [Mining Corporation of Bolivia] paid \$7 million; and the remaining state enterprises paid correspondingly smaller amounts in interest.

The total interest paid in 1978, amounting to \$84.4 million, exceeded by 41 percent the amount paid in 1977. Of that total, \$49.5 million, or 58.6 percent, were paid to foreign banks.

According to the same document, the total amortizations outpayment, including interest payments, amounted to \$355.5 million in 1978, representing an increase of 121.1 percent over 1977.

It is pointed out that this total amortizations outpayment includes the \$155 million of credits refinanced during 1978. Excluding this quantity, the percentage is only 25 percent [as published].

Lastly, it is noted that debt service related to export of goods and services in 1978 totaled \$279 million, meaning that approximately 28 percent of export revenues went for payment of these obligations.

BOLIVIA

RESUMPTION OF RELATIONS WITH CUBA, CHILE OPPOSED

La Paz EL DIARIO in Spanish 5 Aug 79 p 2

[Commentary by Fernando Diez de Medina]

[Text] Unofficial voices, from abroad as well as at home, insinuate that Bolivia might renew diplomatic relations with Chile and Cuba. This would be a foolish, double mistake.

Relations cannot and should not be renewed with Chile until three basic conditions are met:

1. Legal and economic reparations must be made for the geographic aggression in the Rio Lauca case.
2. Absolute assurance must be given that new negotiations for our outlet to the Pacific will not drift into dilatory meetings, ending in another frustration such as the one which began in Charana.
3. The National Congress must discuss and approve the national thesis on Bolivia's maritime reintegration and it must be negotiated in a tripartite conference of Bolivia, Chile and Peru, with international mediation by governments on the continent which can guarantee the seriousness and effectiveness of a just and honorable agreement.

Meanwhile, as long as Chile is not reconciled to a formal negotiation, with a fixed period of time, long enough to achieve our demand for a port, it would be a humiliating dishonor to reestablish relations with the country of Arauco. Our foreign policy on this point should be to intensify our blockade of the usurper. Why not suspend LAN [Chilean National Airline] flights to La Paz and those of Lloyd to Santiago? Why not study, quickly and efficiently, the transfer of our export and import fleets from Chilean ports to Peruvian ports, taking advantage of the excellent disposition of the government on the Rimac? Why not cut off trade relations, forbidding imports from the Mapocho? Why not, finally, put a stop to the trans-Cordilleran exodus which constantly and carefully brings spies and technicians into our country, like silent fifth columnists?

Nothing for Chile, as long as it does not break our landlocked situation. The problem is no less serious in regard to Cuba.

The Cubans invaded Bolivia in 1967, murdered 50 officers and soldiers in cowardly ambushes and tried to impose a communist regime on our country. We already know where reestablishing diplomatic relations with Cuba would lead us. Under the pretext of technical and economic missions, the dictator Castro, would send us soldiers and police, disguised as civilian experts, to mount a revolutionary agitation machine which would lead to a popular insurrection. Then, if they won that first stage, would come the installation of a totalitarian, communist regime in Bolivia, converting our nation into a huge prison, as Cuba already is, where there would be no free citizens, but only slaves of the state.

Castro offended and attacked Bolivia. He continues to intervene actively in America and in Africa with his dividing hordes. We would gain nothing and have everything to lose by joining the bloody Cuban dictator, who has been trying to communize the southern continent for 20 years.

We would be too naive if we accepted the time bomb of Cuban-Marxist friendship.

Undesirable neighbors, Chile and Cuba--the latter because it tries to impose its leftist fascism (it appears to be a contradiction, but in fact Russia and Cuba are two typical examples of leftist fascism, or total and brutal one-party dictatorship over the freedom of the people); and the former because its constant mockery and evasion of our maritime problem and its expansionist geopolitics constitute a danger for the present security and the future of Bolivia.

Nothing will be gained by bringing into the country the diplomatic representation of those dangerous neighbors, under the shelter of which there would filter in various espionage agents, experts, technicians and specialists in political proselytizing and in peaceful, social and economic invasion of the Bolivian nation.

Rather, we would lose a great deal. Direct contact with Castro's bearded followers would be equal to a step toward communism, an unconscious surrender to totalitarian despotism. To treat Chile as a friend would be a shameful naivete, since everybody knows that, basically, the aggressor of 1879 does not want us to return to the Pacific, and in reality it continues to look upon the Bolivian territories of Potosí and Oruro as future prizes.

We must be realistic and foresighted in our international policy when it affects the internal security of the country.

For the dignity of Bolivia, for its own national security, renewal of diplomatic relations with such dangerous countries, governed by two implacable dictators, is not advisable.

Neither with Chile nor with Cuba. It is an elementary forewarning to avoid the devouring jaws of the Prussians of the south and the Reds of the Caribbean.

SOVIET MISSION TO INSPECT LOCAL TIN PLANT

La Paz PRESENCIA in Spanish 30 Jul 79 p 3

[Text] A Soviet mission will arrive in Bolivia on 15 August to observe and analyze the progress being made in the installation of a vaporizing plant for the recovery of tin, which is being built in La Palca, Potosi.

According to information released by the Bolivian Mining Corporation, the Russian delegation will be made up of technicians and specialists from Macshinoeksport, the firm which supplied the equipment for the plant, which, after several delays, is scheduled to be finished in August 1979. The latest delay was caused by a landslide during the last rainy season. The slide, although it had no major effect on the installations, demonstrated the need to do some earthmoving and stabilization work in the area.

COMIBOL [Bolivian Mining Corporation] announced previously that the La Palca plant would be finished in the first quarter of 1980. On Friday, when the arrival of the Soviets was announced, it was also reported that the USSR delegation will examine, along with COMIBOL technicians, ways to "adopt the most appropriate measures to insure the continuity and acceleration of the work, particularly relative to the repositioning of equipment which was partially affected by the landslides which occurred during the recent rainy season."

It was recalled that the general manager of COMIBOL, Hunberzo Zannier, recently signed agreements in Moscow in connection with the La Palca plant, including the supplying of additional equipment which will permit the use of natural gas in place of oil as a fuel and reducer in the vaporization process.

Third Plant

It was reported at COMIBOL that the Soviet mission, which will be in this country from 16 to 20 August, will receive "preliminary information concerning possible sources of supply for raw materials which will justify the construction of a third tin vaporization plant, which would also be built in Machacamarca, giving that locality two plants with a capacity equal to the La Palca plant."

Negotiations for the installation of the second vaporization plant at Machacamarca are already advanced.

To increase COMIBOL's Tin Production

The same sources reported that at a recent meeting of the Bolivian Mining Corporation's plant managers, conclusions and recommendations were reached whose application will permit increasing the levels of tin production in the current term, or at least, will avoid a greater decrease.

It was indicated that at this meeting the causes were analyzed, mine by mine, for the decrease in production noted up to 30 June 1979. The general manager of COMIBOL reported recently that, according to production indexes obtained in the first 4 months of 1979, production of tin will reach no more than 19,000 metric tons refined, and he expressed the opinion that it will be very difficult to reach the 23,000 tons planned. However, on the same occasion he pointed out solutions for recovering production indexes and even for reaching 30,000 or more refined metric tons of tin annually within the next few years.

8735

CSO: 3010

HIGHLIGHTS OF PRESIDENT GUEVARA'S CAREER GIVEN

La Paz EL DIARIO in Spanish 8 Aug 79 p 5

[Text] President Walter Guevara Arze was born in Cochabamba on 11 March 1912. He is married to Rosa Elena Rodriguez, and they have three sons: Walter, Ramiro and Carlos.

He completed his primary and part of his secondary schooling in Cochabamba and graduated from the Colegio Nacional Bolivar in Oruro.

He studied law at San Andres University and did postgraduate work at the University of Chicago in the field of social sciences (sociology and economics). He also taught sociology at UMSA [San Andres University].

In the political arena, at the age of 26 he was elected national deputy from the Province of Ayopaya, Department of Cochabamba. During this time he authored a pamphlet which came to be known as the "Pulacayo Thesis" and which was published under the title of "Teoria, Medios y Fines de la Revolucion Nacional" [Theory, Methods and Ends of the National Revolution], a document which served as the basis for the theoretical planning of the 1952 Revolution.

Dr Guevara Arze, together with other politicians such as Victor Paz Estenssoro, Hernan Siles Zuazo, Carlos Montenegro, Jose Cuadros Quiroga and Augusto Céspedes founded the Nationalist Revolutionary Movement [MNR] party in La Paz in 1941.

In 1951 he was elected senator from the Department of Cochabamba, representing the MNR. In those same elections, Dr Victor Paz Estenssoro was elected constitutional president of the republic, but a military junta headed by Gen Hugo Ballivian prevented the president as well as the elected parliamentarians from assuming their duties.

He took an active part in the revolution of 9 April 1952 in Cochabamba. A few days after the triumph of the revolution he was named minister of foreign relations and culture, a post he held until 1956.

Between 1956 and 1958 he served as Bolivian ambassador to France. Between 1958 and 1959 he was minister of government. In the 1960 elections he was a candidate for president of the republic, his opponent being Dr Victor Paz Estenssoro. From 1960 to 1963 he was in exile in Chile. In the 1966 elections he was elected senator from the Department of Oruro, and in 1967 he held for the second time the important post of minister of foreign relations and culture. From 1969 to 1973 he was Bolivian ambassador to the United Nations.

Again from 1974 to 1978 he was exiled, this time in Caracas, where he worked as an adviser to CORDIPLAN [Office of Coordination and Planning].

In the last elections, on 1 July, he was elected senator from the Department of Cochabamba, and while holding this position he was named president of the Chamber of Senators and presided over the Congress, which as its chief task had to elect the constitutional chief executive of the republic. When neither of the two principal candidates, Victor Paz Estenssoro and Hernan Siles Zuazo, received an absolute majority of parliamentary votes, the National Congress elected Guevara interim constitutional president, a post he will hold until 6 August 1980.

Walter Guevara Arze has also distinguished himself in the field of literature. Among his works are "Tempestad en la Cordillera" [Storm in the Cordillera], a story which has been translated into several languages. His latest work is the book "Radiografia de la Negociacion con Chile" [A Close Look at the Negotiations With Chile].

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CSO: 3010

BANZER COULD SUPPORT LONGER TENURE FOR GUEVARA

Caracas EL NACIONAL in Spanish 15 Aug 79 p A-2

[Interview with Gen Hugo Banzer at ADN [Nationalist Democratic Alliance] headquarters in La Paz on 14 August, by Ted Cordova-Claure]

[Text] La Paz, 14 August--The former president of Bolivia, retired Gen Hugo Banzer, announced that he is willing to be tried or to go to prison for the allegations against him, but he said that it is a "political accusation" whose object is to nullify his political party, the Nationalist Democratic Alliance, which holds 22 seats in Congress and has become a decisive factor in Bolivian politics.

In an exclusive interview with EL NACIONAL in his office at the ADN headquarters in La Paz, General Banzer behaved calmly, displaying much confidence in the political success of his coalition, which he defines as a center-left party, ideologically close to the social democrats.

Observers in La Paz agree that with 22 parliamentarians forming a cohesive bloc in the Congress, to the extent that they were able to prevent the election of Dr Victor Paz Estenssoro of the National Revolutionary Movement, Banzer's ADN has surged forward as a solid political party, with great prospects for growth.

Banzer spoke with EL NACIONAL on Tuesday, a short time before a proposal was presented to the Bolivian senate to prosecute the former president for crimes against state security.

"This is mainly a political accusation," said Banzer, "and it would be nothing new for accusations to have some kind of a political pretext. They want to destroy the ADN. From the personal point of view, it doesn't interest me. I can be sentenced, if such were the case; I can go to prison--I am willing to do anything. But I know that the object is to nullify and diminish the capability of the Nationalist Democratic Alliance. We will see whether they can or not."

Banzer talked of politics with a great deal of enthusiasm, and he apparently is willing to assume a role in the democratic struggle which is beginning in Bolivia. His case is similar to that of Rojas Pinilla in Colombia. When he was questioned about the ideological orientation of the ADN, he answered, "The terms left, right and center are used a great deal; we consider ourselves, within this terminology, in the center-left, that is, a centrist position with a strong social consciousness."

Then Banzer, recalling his two visits to Venezuela while he was president, spoke of his friendship with President Perez, saying, "I not only was a friend of Carlos Andres Perez; I still am." When asked if his party's line is social democratic, he answered emphatically, "Certainly!"

During the interview, Banzer observed that "I have discovered that it could be more interesting to be part of the opposition than of the government itself--but a constructive, patriotic opposition. In no way will we make our opposition felt, as has commonly been done in Bolivia, simply to prevent anyone from governing."

Banzer said that the Bolivian outcome, with the interim presidency of Walter Guevara, is the best solution, because had Paz Estenssoro been elected, "a very violent opposition would have been loosed, at least that is what was rumored around among irritated people, among people who believed there was going to be terrorism, or a civil war."

As to the reaction if Hernan Siles Zuazo, of the Popular Democratic Union, had been elected, Banzer expressed the opinion that "surely that would also have produced very violent opposition, and we believe that the best solution is what has been achieved with Dr Guevara. This way, I believe, we will have a year of respite, at least. There is a spirit of detente among the citizens; I believe that the people are going through a time of peace, and the government that has been established is going to have support--at least it is going to have ours. Not by participating in the government--there has not been any formal proposal--but we are going to help Dr Guevara and his government team in every way possible."

Banzer is also among those who believe it would be premature, with Bolivia's economic problems, to call elections a year from now. This idea has some popular support, and only the ambitions of the old leaders, Paz and Siles, are promoting the idea of holding elections within a short time. The former president and commander in chief of the Armed Forces, Gen David Padilla, has also said before that it does not appear normal to hold elections within a year. In general, there is the impression that, little by little, there is a growing tendency to support a longer term for Guevara and to end once and for all the leadership of the old guard, who in reality manipulate small circles of politicians, but do not have a real command of the Bolivian masses.

"We must let some time pass and, if necessary, extend Dr Guevara's term; this is what should be done," said Banzer.

Concerning the allegations of crimes committed during his administration, Banzer said that "I am fully aware of them, and our position is to confront these accusations with good sense and serenity. We can only defend ourselves, and we have the necessary arguments to defend ourselves from those accusations and, in the end, to await the people's verdict."

He added that other, previous administrations should also be accused. "You know that in politics, anything goes, although it is too bad that the parliament should concern itself with this." Banzer said that in any case, all those who were his allies and collaborators will have to appear at these trials, alluding no doubt to Dr Paz Estenssoro, who rose to power along with Banzer in the bloody coup of August 1971, which overthrew Gen Juan Jose Torres.

General Banzer spoke of shared responsibilities, and he denied any connection with the assassination of Gen Joaquin Zenteno Anaya in Paris in 1976. When he was questioned about Zenteno's death or that of Col Andres Selich and other military figures, Banzer replied, "I would like to tell you that these murders are not on my hands. Eventually someone will answer for these deeds, because I have had cabinets and collaborators, and I am going to appeal to them again before the parliament in order to clarify this situation. I will listen to the accusations, and then I will avail myself, naturally, of those officials directly involved in them."

Then he said, "I would like to reject categorically any direct or indirect accusation concerning General Zenteno. He was not only a friend of mine, but also my teacher. I learned a great deal from him and always had enormous respect and consideration for him. He was a loyal friend, and I always reciprocated his friendship, so that indeed I reject that accusation, not only consciously but almost violently, because, as you will understand, I cannot accept it."

In any case, the interview was completely cordial, with Banzer talking about his ranch at San Javier in Santa Cruz, where he said he is thinking of installing a dairy. The former president is under a hail of attacks of accusations of illicit personal enrichment, but he insists that his way of life is modest and that he owes everything he has to his own efforts and those of his family.

Concerning his presidential aspirations in future elections, Banzer said that "first I would like to bring together in the ADN all those Bolivians who think along those lines. I do not discount the possibility that I might become president for a second time, this time democratically, but my chief aspiration is to see in the government some day people who belong to this political party."

BRIEFS

SEVEN NEW GENERALS NAMED--Seven promotions to the rank of general were announced yesterday by the Armed Forces in a General Order from the High Command and in accordance with Supreme Decree 17020 of 3 August 1979. The announcement was made in a communique from the High Command which stated that Brigade Gens Julio Herrera and Walter Castro have been promoted to the next rank, division general. The other promotions are Cols Juan Gonzales, Edmundo Sanabria, Carlos Lopez, Antonio Obando and Alfredo Villarroel, to brigade general. In the Air Force, Air Brigade Gen Gaston Lupo was promoted to the rank of division general. The communique indicates that the promotions were made at the request of the branch commanders, for having fulfilled the conditions and requisites contained in the Organic Law of the Armed Forces and after study by the personnel tribunals of each branch and the Higher Personnel Tribunal, and in agreement with the minister of national defense. The corresponding general order is signed by Gen David Padilla Arancibia, commander in chief of the Armed Forces. [Text] [La Paz EL DIARIO in Spanish 5 Aug 79 p 12] 8735

CSO: 3010

INTERVIEW WITH NEW AGRICULTURE MINISTER AMAURY STABILE

Rio de Janeiro MANCHETE in Portuguese 1 Sep 79 pp 12-13

[Interview with Agriculture Minister Amaury Stabile by Mario Antonio Garofalo: "The Man With Top Priority"; date and place not given]

[Text] "The government's basic objective is to increase agricultural production and, as a result, make prices decline," says the new minister of agriculture, Angelo Amaury Stabile, in an exclusive interview with MANCHETE. This discreet man from Sao Paulo who is so reserved that he seems to be from Minas Gerais, has five children (two already married) and three grandchildren. He takes over the Agriculture Ministry at a time when it is the government's top priority and has been invigorated by his predecessor, Planning Minister Delfim Netto. Stabile promises that funds will not be lacking for agriculture and that one of his major goals is to give producers fair remuneration and combat profiteers. "The intention to increase agricultural production is so strong that nothing can impede this objective of the current administration."

[Question] What are the areas within agriculture that will have priority?

[Answer] When Delfim Netto was minister of agriculture he concentrated his efforts on mobilizing the rural producer in terms of output. It was a short-term measure to confront a given situation of high living costs due primarily to a shortage of foodstuffs. My priority is to see that these foodstuffs which will be produced and of which we shall have a large crop at the beginning of the year reach the consumer at a low price. This implies control and supervision of all crop shipment to eliminate the profiteer from the process. We are going to see that what is produced and will be shipped in large quantities can flow through to the consumer at really accessible prices, especially in the areas of greatest need.

[Question] What is the role of Brazilian agriculture in respect to current problems of inflation, the balance of payments and the possibility of unemployment?

[Answer] Inflation, the balance of payments and the energy crisis are the three major current problems. Agriculture is the sector that is really in a position to try to stabilize the situation and confront the problems. As for inflation, the abundant crops that are to come will enable the principal item in the living-cost index--the cost of food--to reverse its trend toward higher prices. Surplus production, particularly of grains eagerly sought in international markets (soybeans, corn, rice...), can make it possible to confront the deficit in the balance of payments. This year we are spending \$1 billion to import foodstuffs. But we are going to reverse that situation. The increase in agricultural income through adequate prices and abundant crops will cause part of this income to flow back to the industrial sector, to the cities, creating new jobs and reducing idle industrial capacity.

[Question] In what way will your friendship with Planning Minister Delfim Netto contribute to reaching the goal of filling the food pantry?

[Answer] My friendship with Minister Delfim began before our public lives and will outlast them. I am now certain that the Agriculture Ministry will have sufficient influence to obtain funds for priority projects. The new planning minister is one who experienced the tragedy of the Brazilian rural sector and, for 5 months, faced a difficult situation in terms of funds. There will be no lack of funds for agriculture, as has already been shown in terms of expenditures and investments, within the limitations of the monetary budget. Nor will funds be lacking for projects that can result in a rapid response to increasing agricultural production. Of this I am quite certain.

We Are Studying Mini-Refineries for Alcohol

[Question] What are the best alternatives for confronting the energy crisis in the agricultural sector?

[Answer] The energy problem must be confronted by seeking to utilize all possibilities to guarantee the fuel needed to mobilize equipment that the rural producer must use. Within that context, alcohol, gasogene or any other biomass generated on the farmer's property itself will be the target of many projects being developed not only in the Agriculture Ministry but also in the ministries of Mines and Energy and of Industry and Commerce. Only a careful evaluation can determine the choice of priority for alcohol or any other type of fuel. We already have under study some projects for small alcohol stills, for utilizing gasogene as a way of driving tractors and also programs to help in financing animal traction.

[Question] To what extent could the increased price of petroleum derivatives be reflected in the policy to increase agricultural production?

[Answer] The intention to increase agricultural production is so strong that there is no factor able to impede this objective of the Figueiredo government. The problem of higher fuel prices, as any other problem, will

be confronted whenever it becomes a hindrance to the basic priority of increasing production in the rural sector. Higher production costs will not imply lower income for the producer. We will find a way to make society absorb such costs without penalizing the producer.

[Question] Is control of interest rates one of the solutions for the problems of agriculture?

[Answer] Personally, I think the best way to remunerate and motivate the producer is to pay him an adequate price for his products. I believe in the free movement of production, in the autonomy of the market. To the extent that we work toward that we will bring about the equilibrium necessary for the producer to find how to increase his production and to decide what products should be produced. Within that system, price is the best indicator; it is the best inducement to private activity. When prices can find their true level in the market, subsidized interest rates become a secondary issue. But at present we have one great concern: to be sure not to create any factor that can cause obstacles to increasing production. There is another important factor to be taken into consideration: climatic conditions, which can affect a sector's position throughout two or three crop years. This calls for special concern by the government regarding factors of production that affect agriculture. And credit is an important factor of production. It is also important that inflation decline at the same time.

Progressive Tax Is the Beginning of Agrarian Reform

[Question] In what way will the Agriculture Ministry be able to contribute to combating the rural exodus?

[Answer] Increased income for the rural sector, remunerative prices for the producer and a constant flow of funds will be the decisive factors for keeping manpower in the countryside. We have a great concern to bring the rural worker better living conditions. There is a constant concern about establishing rural electrification, schools, health stations, agricultural techniques. We are perfectly aware that we must keep manpower in the countryside. But we will not be able to reach that objective until we are able to give rural manpower, the rural producer, satisfactory living conditions.

[Question] Is there a plan to establish agrarian reform through the Agriculture Ministry during the Figueiredo government?

[Answer] We believe that the government's basic objective is to increase production so that prices decline. We do not believe that this objective can be reached through a pure and simple agrarian reform. We continue to have the point of view that the best instrument, the initial instrument of any agrarian reform is imposition of a progressive land tax, penalizing those who have good and suitable land but are not producing on it. This does not mean that in areas of social tension the instrument of expropriation will not be used, as has been done before and as will be done again.

NEW PLANNING MINISTER DELFIM NETTO: INTERVIEW AND COMMENTARY

Inflation Control a Priority

Rio de Janeiro MANCHETE in Portuguese 1 Sep 79 pp 8-11

[Interview with Planning Minister Delfim Netto by Haroldo Hollanda: "We Shall Overcome the Crisis By Growth"; date and place not given]

[Text] With the optimism that was always one of the characteristics of his temperament and of his very style of administering public affairs, Planning Minister Delfim Netto expresses his confidence in the success of political liberalization and in overcoming the economic problems the nation is currently facing. In an exclusive interview with MANCHETE, the new planning minister points out that the nations that are overcoming or have already overcome the crisis affecting all nations throughout the world are precisely those with a liberal political system.

He considers wage demands legitimate but warns that workers should go on strike only as a last resort. He finds that many unions are now beginning their wage bargaining with a strike, which is the reverse of what should be done and which should be corrected; labor grievances should be conducted in accordance with rates of inflation and increases in productivity. He recalls that in any type of regime, whether it be liberal or authoritarian, there is always a wage policy--followed and obeyed by all social segments. "But in Brazil," the planning minister says, "it is very much in style to criticize all forms of wage policy. And the most critical are generally persons of the Left, in a monstrous confusion, not even realizing that in all leftist countries wage policy is quite inflexible."

The fight against inflation will be one of the priorities of his program as planning minister, without this signifying, however, suspension of economic development. He mentions

that Brazil's recent history shows that in all periods when inflation decreased there was also an increase in the volume of national production. "It is not that increasing production reduces prices. But it is really that idle capacity is put to use and that reduces costs."

He refutes the report that former Planning Minister Simonsen was attempting a recessionary economic policy for Brazil. "In justice to Minister Simonsen's intelligence, I say that is a falsehood." He estimates that his thinking coincides about 90 percent with that of Simonsen. "We disagree on 10 percent," and emphasizes that this is normal among intelligent people.

He also denies the rumors that his going to the Planning Secretariat had represented a loss of political prestige in the Figueiredo government for Minister Golbery. And he explains: "So far as I know, Minister Golbery supported my going to the Planning Secretariat."

In regard to the report that classifies him as a supporter of a developmentalist policy in opposition to the recessionists, Delfim comments ironically:

"I really must say that Brazil is immersed in labels."

MANCHETE: Will it be possible to assure a liberal political climate in the midst of an economic crisis and the social tensions arising from it?

Delfim Netto: I think so. I see no reason to think that economic problems must necessarily lead to abandoning the line laid down by President Joao Figueiredo aiming at liberalization. I do see, with some regret, that in some political circles there is a great lack of faith in the capacity of the liberal political system to overcome crises. This reveals a certain amount of confusion and, moreover, an ignorance of history. Such confusion is the confusion of all of us who practice politics. Ignorance of history is ignorance of the obvious. It is seen that the countries which are overcoming the crisis are countries with a liberal political system. Countries with an authoritarian system continue to be mired in a deep crisis, in a crisis that has already been going on for some years.

[MANCHETE] But could this process be disturbed by wage demands of 60 percent that also affect the anti-inflationary struggle?

[Delfim Netto] That is another question. Political strikes have nothing to do with labor or wage demands. This could really produce serious difficulties. There are strikes that really cause a certain confusion. There are strikes without the objective of obtaining better pay or better working conditions. And it is even more serious when they are accompanied by

violence, which has nothing to do with labor grievances. Here again there is the combination of two things: confusion and agitation. The strike should have been a last resort. Bargaining is now starting with a strike, instead of starting with bargaining and later going on strike. There are also demands incompatible with the rate of inflation and the increase in productivity. This necessarily leads to more inflation. That happens not only in a liberal regime but in any type of regime. In Brazil, moreover, it is very much in fashion to criticize all forms of wage policy. And the criticism generally comes from the Left, with the monstrous confusion of not realizing that in all countries of the Left wage policy is rigid. Clearly, the leftist idea is to make a model: each one puts into it what he wishes. It is enough to look at the map and see what happens.

[MANCHETE] But could that compromise the anti-inflation policy? That is the point we should like to focus on.

[Delfim Netto] Certainly. Nominal wage increases at the levels that are being demanded compromise the policy of fighting inflation. They compromise any attempt to regulate the sector. In so doing, any sense of reasonableness in wage demands is lost. All this, as I have just said, results from this failure to exercise judgment.

[MANCHETE] Doesn't the 50-percent rate of inflation forecast for this year either frighten or alarm you?

[Delfim Netto] We really do have a prospect of troublesome inflation. But this should not discourage us, but rather challenge us to put into practice a policy capable of controlling it. The feeling is not one of fear, but of responsibility. I think we must all understand that we cannot go on with such a rate of inflation. I believe we are going to be able to bring a certain moderation to all this. The nation must join forces in fighting inflation.

[MANCHETE] Going now to the Planning Secretariat, your level of concerns will be different. Are you going to forget what you promised in the Agriculture Ministry?

[Delfim Netto] The priorities of the government are established and determined by the president of the republic. Anything else is misleading. It was the president of the republic who set agriculture as the government's top priority. I came to the Planning Secretariat with instructions from the president of the republic that agriculture continues to be his top priority. No one should fear. They can be really certain of one thing: agriculture will receive more support than ever. A very competent man has taken over the Ministry of Agriculture, a very hard worker, who will carry out the directives of the president of the republic. I, for my part in the Planning Secretariat, will carry them out scrupulously.

'What We Must Do Is Sell Production Abroad'

[MANCHETE] How will planning implement two directives that to many seem antagonistic: developing the nation and controlling inflation? Isn't there a clear contradiction in their premises?

[Delfim Netto] I don't think so. We have enormous idle capacity in this country. Today all industries are working below capacity. We have agriculture capable of being expanded. What we really must do is sell that production abroad. If we can do that, we will not have major difficulties. There is really not a contradiction between an expansion policy and an anti-inflation policy. The recent history of Brazil shows that during all periods in which inflation decreased it did so in conjunction with an increase in the volume of production. It is not that an increase in production reduces prices. But it is really that when idle capacity is utilized, costs are reduced.

[MANCHETE] What level of inflation do you consider desirable for Brazil?

[Delfim Netto] I have the impression that Brazil is a country in which the ideal inflation rate would be between 15 percent and 20 percent. The ideal rate of inflation, of course, is zero, but we are not in a position to attain that. With a 15 to 20 percent rate of inflation we can live well and grow rapidly. I think we must make a plan to reach that level, by means of three or four successive efforts. If we are able to get a good harvest, which is what everything seems to indicate, we will have taken the first decisive step to reduce the level of inflation.

[MANCHETE] Is a recessionary economic policy incompatible with liberalization, as some economists claim?

[Delfim Netto] I do not think anyone wants a recessionary policy for Brazil. I will say, and I have said this repeatedly, I never knew anyone to advocate a recessionary policy. The myth is circulating that Minister Simonsen supported a recessionary policy. In justice to Minister Simonsen's intelligence, I say that is a falsehood. He never supported a recessionary policy. Neither in councils where I participated nor in private conversations we have had. Everyone knows: it is obvious that Brazil cannot solve its problems by receding. It can only solve them by growing.

[MANCHETE] But were there not disagreements with Minister Simonsen within the government regarding emphasis?

[Delfim Netto] Let me say first of all that Simonsen and I have been friends for more than 20 years. Our thinking must coincide in about 90 percent. In 10 percent we disagree. Disagreement is normal between two thinking people who have their own personal identities. There was never a major disagreement between Minister Simonsen and myself. During all the time that I worked in the Figueiredo government I acknowledged the coordinating function of the

Planning Secretariat. Agriculture was always positioned within that system of coordination. I will also say this so that it can be recorded: Minister Simonsen gave me his total support.

[MANCHETE] There were those in the press who would interpret your rise to the Planning Secretariat as a loss of prestige and political influence by Minister Golbery do Couto e Silva. Does that idea have any basis?

[Delfim Netto] What I would say, as I have said before, is that Minister Golbery, so far as I know, also supported my moving to the Planning Secretariat. We have never had a disagreement. I have great admiration for Minister Golbery. Not only is he a competent man but he is also a hard worker. He combines these two exceptional qualities. There is no possibility of imagining that my moving to the Planning Secretariat represents a disagreement with Minister Golbery.

[MANCHETE] Aren't there two tendencies in the government, one recessionist and the other developmentalist, the latter being the one to which you adhere?

[Delfim Netto] I do not mean to be obstinate, but Brazil is addicted to labels. The government really reflects the directives of President Joao Figueiredo. It is a presidentialist regime in the proper sense of the word. The president has his directives and we are all working to follow them. My present function is simply that of coordinator, at the service of those directives. I am not the one who makes these directives. There has never been a split that could have been attributed to a developmentalist group or a realist group.

[MANCHETE] Don't you fear that the return of Brizola, Arraes and other exiled leaders can disturb the evolution of the economic and political process?

[Delfim Netto] No. They are ingredients of the national reality. We are certainly not going to accomplish what we have to accomplish with them. But it does no good to think that they are foreign bodies to our national reality. There is a certain tendency in Brazil to ignore what exists. The reality exists and the most you can do is try to understand it properly and try to modify it. I think this is entirely possible. They are an integral part of that reality.

[MANCHETE] To what do you attribute the confidence that business circles put in your leadership and your technical competence?

[Delfim Netto] Brazil experienced a period of prosperity between 1967 and 1973. Clearly, we had extremely favorable conditions. This is an undeniable fact: it was a period of high growth rates, of a surplus in the balance of payments. To such an extent that this performance always creates a certain expectation.

'Everything Indicates That Interest Rates Will Be Controlled'

[MANCHETE] Do you really consider yourself the author of the so-called Brazilian economic miracle?

[Delfim Netto] This is what I think: I was certainly part of that reality. A reality that led to some beneficial results. It would be absurd for me to pretend to have been responsible for what happened during the Medici administration. I think that Brazil at that time also knew how to take advantage of difficulties. Perhaps all this has produced the expectation, and I hope they will not be disappointed. Now, no one will do anything alone. There is not a ministry; there is a government. The cabinet minister can be successful only if the government is successful. It is an illusion to suppose that anyone by himself alone can reach a different result. It seems to me that the government is progressing toward solution of various problems. Besides the balance of payments problem and the energy problem, there are other problems that the Figueiredo government will be able to solve, of that I am certain.

[MANCHETE] In closing: Will interest rates be controlled?

[Delfim Netto] Everything indicates that they will.

Commentary

Rio de Janeiro MANCHETE in Portuguese 1 Sep 79 pp 10, 11

[Article by Murilo Melo Filho: "The Rise of Delfim"; passages enclosed in slantlines printed in boldface]

[Text] Mr Delfim Netto does not agree with the opinion that economic difficulties and social agitation can lead to a hardening of the regime and an end to political liberalization. He says that democratic regimes throughout the world are facing similar difficulties but are not thinking of reducing civil liberties because of them.

He considers the current situation much more advantageous than that faced in 1967: political liberalization occasions greater participation by all social segments of the nation in the common project of restoring the nation's financial and economic health.

Minister Mario Henrique Simonsen's resignation weakens the area of the Figueiredo government that was influenced by President Geisel and /automatically consolidates/ what is called the Medicist structure.

Mr Delfim Netto, now raised to the position of /Brazil's economic czar/, never hid his affinity for the Costa e Silva and Medici governments, which he served as finance minister during the /golden age of the miracle/. He now has under his control not only the Planning Secretariat but also the

Agriculture Ministry, where he installed Mr Amaury Stabile, a man he trusts totally and without restriction, as well as the Interior, Transport and Mines and Energy ministries, where Messrs Mario Andreazza, Eliseu Resende and Cesar Cals were retained as cabinet ministers and whose thinking is entirely in tune with the /Delfinian ideas/.

As if this influence at the ministerial level were not enough, the new planning minister at the outset managed to have Mr Carlos Brandao replaced by Mr Ernane Galveas, who was chairman of the Central Bank, and Mr Carlos Langone appointed as one of its directors. He also achieved the departure of Mr Joffre Alves de Carvalho as one of the vice presidents of the Bank of Brazil and his replacement by Mr Giampaolo Falco, who was president of the Savings Bank. Appointment of Mr Julian Chacel of the Getulio Vargas Foundation to succeed Mr Isaac Kerstenetzky as president of the IBGE [Brazilian Institute of Geography and Statistics] and of Mr Jose Goldemberg as president of the National Research Council are also attributed to Mr Delfim Netto.

The Delfinian network /extends over Sao Paulo/, through the presence of Finance Secretary Affonso Celso Pastore and Agriculture Secretary Eduardo de Carvalho in the Maluf administration. It also retained in the Agriculture Ministry Mr Paulo Yokota, as president of INCRA [National Land Reform and Settlement Institute], after having been a Central Bank director.

And he brought to the Planning Ministry Messrs Flavio Pecora as secretary general, Sergio Faria Lemos as office chief, Gustavo Silveiro as public information aide and Carlos Alberto Andrade Pinto as special assistant.

Mr Karlos Rischbieter, who had withdrawn from Mr Mario Henrique Simonsen's area due to disagreements of a technical nature, /does not hide his enthusiasm/ over the rise of Mr Delfim Netto, with whom he is already in perfect agreement; he has received from him, moreover, restitution of the National Monetary Council presidency, which the previous planning minister /had taken away from the finance minister/.

The attentive way in which General Figueiredo has treated former President Medici recently should be an indicator of his /personal inclination/ to enhance the prestige of the Medicists: 2 weeks ago, when he went to Rio de Janeiro to see a soccer match, he went to former President Medici's residence and took him to the place of honor in Maracana Stadium; and last weekend he made a point of visiting the former president at the Sorocaba Clinic, where he was undergoing surgery.

So that leaves the presence of General Golbery, chief of the president's civilian household, as /the last bastion/ of Geiselist influence in the Figueiredo government.

General Figueiredo owes /the greater part of the success/ of his presidential candidacy to General Golbery's influence. In grateful return for this, the new president kept General Golbery as chief of his civilian household and as his principal adviser.

A little more than 5 years ago, when Mr Delfim Netto was passed over for the first time in his bid to be governor of Sao Paulo, General Golbery was thought to be the /principal center of resistance/ and opposition to the former treasury minister. But during succeeding months there were two lengthy meetings between the two, from which arose the invitation (accepted) for Mr Delfim Netto to be ambassador of Brazil in France, where he remained for 4 years.

Leaving the Brazilian embassy in Paris, Mr Delfim Netto /threw the whole weight/ of his prestige into the race for governor of Sao Paulo. And for the second time he was passed over in his quest, because the majority of the ARENA [National Renewal Alliance] convention delegates preferred the choice of Mr Paulo Maluf.

Shortly thereafter, however, /his star began to rise/ again, through his choice as agriculture minister in the Figueiredo administration. With his extraordinary leadership ability, the new agriculture minister managed to transform the increase of agricultural production into the Figueiredo government's top priority.

And now, a little more than 5 years later, Mr Delfim Netto, who on 15 March 1974 had turned over the Finance Ministry to Mr Mario Henrique Simonsen, /received from him/ the Planning Ministry.

Apparently at least, the ambiguities and misunderstandings between General Golbery and Minister Delfim Netto are thus disposed of. Each does not hide his admiration for the other. And even before being raised to the post of planning minister, Mr Delfim Netto had lengthy discussions with General Golbery, from which /a firm friendship/ had developed between the two.

It is quite true that General Golbery originally sought to replace Mr Mario Henrique Simonsen with Mr Roberto Campos, who is now Brazilian ambassador in London. But he was impressed by the /unanimity of preference/ for Mr Delfim Netto expressed during the meeting that Saturday in the Granja do Torto held by the president of the republic, generals Danilo Venturini, Octavio de Medeiros, Golbery de Couto de Silva, Prof Heitor Ferreira and Public Information Minister Said Farhat. Sensing the unanimity of opinion in favor of Mr Delfim Netto, Minister Golbery became /one of the principal supporters/ of his choice, which was finally agreed upon.

The spirit of unity that Mr Delfim Netto carries with him weighed heavily in that choice.

A specialist in /taking the offensive/, he differs in this respect from his predecessor, who is more adept at /defensive tactics/. In his opinion, Brazil will grow, despite all the difficulties and obstacles placed in the path of that development. He also believes that only when higher rates of economic progress are attained do inflation rates tend to recede. Recession pushes inflation rates upward.

His priorities have been defined since the first moment as divided among /three fronts/: combating inflation, increasing production and equalizing the balance of payments.

At the outset he had to apply himself to /three more specific tasks/ of his ministry: preparation of the federal budget that must reach Congress by 31 August, preparation of the Multiyear Investment Plan and editing of the Third National Development Plan, to which he is to give the finishing touches.

Mr Delfim Netto acknowledges that the circumstances under which he has become planning minister are /entirely different/ from the situation prevailing in 1967 when he became finance minister in the Costa e Silva government.

Upon succeeding Minister Octavio Gouvea de Bulhoes at that time, a barrel of petroleum cost \$1, the foreign debt was \$10 billion and inflation rates were clearly declining. He could then carry out a great development plan, with a series of growth rates over 10 percent a year.

Now he must confront a barrel of petroleum that costs \$23, successive deficits in the trade balance, a foreign debt over \$50 billion and spiraling inflation rates.

It also happens that the nation is now /more liberal/ politically than it was in 1967, there is no more press censorship, the opposition is strong and battle-hardened and strikes are in progress.

Mr Delfim Netto believes, however, that the current challenge is much /more fascinating/ than the previous one. No one knows the difficulties of the present hour better than he: he must have some secret formula to control the nation's economic and financial situation.

Otherwise he would not have accepted this appointment at a time when the mere mention of his name /was sufficient/ to reverse the pessimistic expectations that then dominated the Brazilian atmosphere.

He knows that all /his political ambitions/ are at stake. If he cannot break inflation now, all his aspirations for the future will be irremediably compromised. If he has success in his mission, he will naturally have been certified as President Figueiredo's /successor/ in 1984, when the presidential succession will have to be determined.

At the moment, he is /in full ascendancy/.

8834

CSO: 3001

CUBA

BRIEFS

POLITICAL ASYLUM IN SPAIN--Cartagena, Spain, 31 Aug (EFE)--A Cuban sailor who arrived here aboard the Cuban ship Oceano Artico, which was unloading cargo, has requested political asylum. According to the newspaper LINEA, he was identified as Ricardo Lorenzo Fernandez, married, a sailor, born in Havana 38 years ago. [Text] [Madrid EFE in Spanish 2150 GMT 31 Aug 79 PA]

CSO: 3010

BRIEFS

NEW HYDRAULICS DIRECTOR--The Agriculture Ministry has appointed agronomist Jacobo Bucaram Ortiz as executive director of the Ecuadorean Institute of Hydraulic Resources to replace Col Mariano Ceballos Vega, whose resignation was accepted pursuant to the new government's policy of reorganization. The appointment will be announced officially in a few days. [Quito VOZ DE LOS ANDES in Spanish 1730 GMT 17 Aug 79 PA]

FAREWELL TO OFFICERS--Guayaquil--Navy Commander in Chief Rear Adm Raul Sorrosa Encalada has presided over a farewell ceremony for four officers who have retired: Adm Alfredo Poveda Burbano, president of the outgoing Supreme Government Council; Adm Renan Olmedo Gonzalez, former chief of naval operations; Vice Adm Wilfrido Pazmino Pazmino, former president of the Directorate of Navy Transport; and Vice Adm Carlos Montero Toro, former chief of the First Navy Zone. [Quito Cade Ecuador Radio in Spanish 1255 GMT 18 Aug 79 PA]

NEW MILITARY COMMANDER--Guayaquil--Representing the army general command, Brig Gen Rodrigo Morales Mendoza has presided over the ceremony in which Div Gen Bolivar Herman relinquished command of the 2d Military Zone and the 2d Infantry Guayas Brigade to Brig Gen Jorge Arciniegas Salazar. The change of command ceremony was held at the headquarters of the 5th Infantry Battalion in Guayaquil. [Quito Cadena Ecuador Radio in Spanish 1255 GMT 18 Aug 79 PA]

UN AMBASSADOR CONFIRMATION--Quito, 25 Aug (AFP)--The new Ecuadorean administration has confirmed Miguel Albornoz in his post as Ecuador's permanent representative to the United Nations. [Paris AFP in Spanish 1556 GMT 25 Aug 79 PA]

PRESIDENTIAL PUBLIC AUDIENCES--President Jaime Roldos has decided to hold popular public audiences to learn of the people's problems and opinions. These audiences will be held Wednesdays at 1700 in the National Palace. [Quito VOZ DE LOS ANDES in Spanish 2330 GMT 27 Aug 79 PA]

INERHI EXECUTIVE DIRECTOR--Leonel Cedeno, agriculture and livestock minister, announced yesterday that Jacobo Bucaram Ortiz has been appointed executive director of the Ecuadorean Institute for Water Resources. [Quito VOZ DE LOS ANDES in Spanish 1730 GMT 1 Sep 79 PA]

OIL SALE--The Ecuadorean State Petroleum Corporation (CEPE) has reported an oil sale at \$34.50 a barrel, without specifying the amount sold or the name of the purchaser. CEPE added that the price for long-term oil purchase contracts is approximately \$25 a barrel based on the automatic readjustment clause. [Quito VOZ DE LOS ANDES in Spanish 1730 GMT 1 Sep 79 PA]

GOVERNOR RESIGNS--Dr Leonordo Toral Soto, governor of Azuay Province, has resigned after being in office only 15 days. [Quito VOZ DE LOS ANDES in Spanish 1230 GMT 4 Sep 79 PA]

RELIEF FOR NICARAGUA--Guayaquil--An Ecuadorean Air Force plane today left for Managua, Nicaragua, carrying 35,000 pounds of food and medicine, collected by the Ecuadorean Red Cross. [Quito LA VOZ DE LOS ANDES in Spanish 1230 GMT 3 Sep 79 PA]

CSO: 3010

EL SALVADOR

BRIEFS

GASOLINE PRICE INCREASES ANNOUNCED--San Salvador, 7 Sep (ACAN-EFE)--The Salvadoran Economy Ministry announced tonight, Friday, that starting tomorrow the prices of fuel will be increased as a result of the increase in the price of crude decreed by OPEC. This will be the second price increase this year. Special or high-octane gasoline costing \$1.36 a gallon will increase to \$1.74. Regular gasoline costing \$1.25 a gallon will increase to \$1.58. The price of cooking gas has also been increased. The price of diesel for mass transportation vehicles remains \$0.40 a gallon. [Text] [Panama City ACAN in Spanish 0056 GMT 8 Sep 79 PA]

CSO: 3010

BURNHAM SCORES OPPONENTS DEMANDING HIS RESIGNATION

Buenos Aires LATIN in Spanish 2325 GMT 23 Aug 79 PA

[REUTER item]

[Text] Georgetown, 23 Aug (LATIN-REUTER)--Guyanese Prime Minister Forbes Burnham today broke his silence over recent developments in Guyana and criticized his political opponents demanding his government's resignation. In a lengthy communique issued on the occasion of his ruling People's National Congress (PNC) Party's third convention, Burnham charged that counterrevolutionary elements are trying to profit from some of the people's recent frustration. He warned that the attack against the PNC secretary's office in a government building "awakened a sleeping giant, who will not sleep again until his enemies are destroyed."

He noted that although the inalienable right of the workers to strike will be upheld, the political measures of force that were legalized will be met with equally legal sanctions.

"This government will not remain passive while reactionary and fanatic politicians ruin the economy and threaten the workers' and nation's welfare. There will be no complaint when we establish rewards. We will meet steel with even more tempered steel. The revolution itself is at stake," Burnham said.

The prime minister's statements come a few weeks after the initiation of a campaign by opposition forces, mainly the so-called Workers' Alliance (Alianza de los Trabajadores--AT), demanding the resignation of the present administration and the establishment of a provisional government.

The recent bauxite mines strike as a result of a wage dispute--already settled--brought about the solidarity of the commercial workers and the sugar industry workers, weakening the economy even more after it only recently had shown signs of stability. Burnham's government accused the strikers of reacting to political motivation and recruited workers to replace those who left their jobs.

The commercial sector strikers changed their stand yesterday, while the miners started their return to work today. The strike in the sugar industry, however, is still in force.

"As a labor leader with 30-years' experience, I admit there are human situations that can trigger sudden strikes, but not in this case, when they are called after weeks, even months of preparations without any attempt to discuss or negotiate," he added.

CSO: 3010

BRIEFS

PAPER CHARGES REPRESSION BY PNC--Georgetown, Guyana, 3 Sep (AFP)--The publishers of Guyana's only opposition daily newspaper THE MIRROR today accused the ruling People's National Congress (PNC) Party of forcing the paper to close by starving it of newsprint. The New Guyana Company Limited said in a statement here that the paper would cease publication this weekend with the loss of about 40 jobs. The company belongs to opposition leader and former Premier Cheddi Jagan, who controls THE MIRROR with his pro-Soviet People's Progressive Party (PPP). Former PPP Cabinet Minister Janet Jagan, the American-born wife of Dr Jagan, told newsmen here that protest notes had been sent to more than 50 foreign governments, international organisations and individuals including the United States and the Inter-American Press Association. Several years ago, this South American state had three morning newspapers and two eveningers. The closure of THE MIRROR means that the state-owned GUYANA CHRONICLE will be the only survivor. [Text] [Paris AFP in English 1531 GMT 3 Sep 79 PA]

CSO: 3020

LIBERAL LEADER OUTLINES VIEWS ON NATIONAL PROBLEMS

Panama City Televisora Nacional in Spanish 0041 GMT 8 Sep 79 PA

[Statement by Guillermo Quijano Jr, representative of the National Liberal Party, during panel discussion on national problems organized by National Opposition Front--live]

[Excerpts] Never before in the history of our republic has a government enacted so many arbitrary laws and committed so many blunders and errors. Throughout these long 11 years of revolutionary government, a combination of these factors has undermined the bases of the nation's economy and compromised the social, political, economic and fiscal future of the coming generations.

The military government that took power as a result of the 1968 coup received an orderly and progressive administration; an economy in full development, with one of the highest growth rates in Latin America; a sound fiscal situation; a nation that was almost free of financial obligations; a balanced budget; a satisfactory labor situation, and a policy of personnel selection covered and dignified by a civil service system which uplifted public servants and granted them stability, security and respect for their dignity as human beings.

The social crisis is the corollary of this government's administrative incapacity and its system as shown by objective, unrefutable facts, such as the shortage of staples, the increases in unemployment, cost of living, crime, insecurity, distrust and the public debt, the unbalanced budgets, the fiscal crisis and the stagnation of the nation's economy. In view of this situation, the National Patriotic Front demands a free and progressive economy in which we would have respect for labor rights, a fixing of responsibilities and duties based on present circumstances, incentives for private and foreign investment in order to stop the economic recession, subsidies to farmers and heavy industry to control the inflation plaguing us, a realistic energy policy, and austerity in public spending at all government levels. The foregoing can be achieved only by changing the present structures, which have proved that they are totally incapable of solving the nation's problems.

It is indispensable to return to democratic and representative rule in order to rescue the republic from political chaos, economic retrogression and fiscal disaster. That can be achieved only by means of a national agreement to convene a constituent assembly--with the participation of all of the country's political and representative sectors--to enact the necessary constitutional provisions to make it possible to exercise power through the three classical branches of government--the executive, legislative and judicial branches--acting independently and harmoniously. [We need] an assembly to control and supervise the state's administrative actions, a duly drafted investment plan, budget control and honesty in the handling of public funds.

We can restore confidence and tranquillity among Panamanians and help our fatherland emerge from the chaos and darkness into which this government and its political system have plunged us only through such fiscal and economic policy and a legislative assembly emanating from a constituent assembly.

CSO: 3010

MORALES BERMUDEZ TALKS ABOUT INTERNAL SITUATION, ANDEAN PACT

Caracas EL NACIONAL in Spanish 19 Aug 79 p A-6

[Interview with Gen Francisco Morales Bermudez, Peruvian president, by Augusto Montesinos Hurtado: "Morales Bermudez Reveals His Plans"]

[Text] Lima--In an exclusive interview with this correspondent, Gen Francisco Morales Bermudez, president of the revolutionary government of Peru, revealed his plans to take his country out of its most serious economic crisis. Morales Bermudez also spoke about the problem of the socialist press, about the Cartagena Pact and the present electoral process in Peru. General Morales Bermudez has governed since 29 August 1975 when he deposed the head of the Peruvian revolution, Gen Juan Velasco Alvarado.

In his office at the Tupac Amaru (formerly Pizarro) Palace, the Peruvian president spoke with this special correspondent.

Elections

[Question] Will the Peruvian FA [Armed Forces] proffer any candidate for the elections in May 1980?

[Answer] In Peru we are in the process of a political transfer of power to civilians. The FA has given its institutional word to lead the country toward a democratic regime which will spring from the will of the people next year in accord with the timetable that we have imposed. The Constitutional Assembly, convoked by the government of the FA and elected directly by the citizens, has had the responsibility of drafting a new national constitution. This compiles and institutionalizes important political, economic and social advances that constitute the bases for the free, just and pluralistic society that we have strived for from the government and to which all we Peruvians aspire. On the way, we have created and strengthened institutions and mechanisms that insure means of expression and dialog for the great national majorities.

We do not have a personal nor institutional commitment with any political party or group. We are free of commitments. What we want and desire and what we are working for is that this political objective of the transfer of power be fulfilled within the timetable established in our government plan.

[Question] Would you be a "transition" candidate for APRA [American Revolutionary Popular Alliance]? This possibility is shared by several Peruvian political leaders. What do you think about the possibility of being a candidate?

[Answer] My commitment is solely and exclusively to the FA. I do not have any commitment to any political group or party and I will continue that way.

Economic Crisis

[Question] Peru has experienced an acute economic crisis. What measures has your government put into practice to end that situation? Do you have confidence that the Peruvian people will support new adjustments that hurt their interests?

[Answer] As to the objective of the economic recovery, we have already completed a very positive and highly important stage. We can say that the strong imbalance that existed in Peruvian finances is practically at a level of adjustment now. Since we have already arranged our finances in terms and levels suitable to a country like ours, we want to turn our attention now to the improvement of the economy as a whole.

This means that we now must formulate a 1-year plan, measures to mobilize certain sectors of our economy that have been somewhat delayed because of the crisis.

For example, we are going to put a great deal of effort in mobilizing the construction sector.

Why the construction sector? Because it is one of the sectors that offers the most jobs, the most work, which is what we need now--to find more sources of production and work in Peru.

Another field that we want to mobilize is the domestic production industry. The Peruvian industry has been greatly mobilized toward industrial export production. Thus we are already receiving an important quantity of foreign currency in our Central Reserve Bank, not only for the sale of traditional products like minerals but for some agricultural products (cotton and coffee).

The domestic production industry is another market. This is another reason to give incentives to the domestic production industry. We have to increase the buying power of the Peruvians. That is, we must have sensible, noninflationary wage increases in order to buy what we produce. You know that inflation comes when money circulates beyond the levels of production. Money can be issued when production grows.

The Military Government

[Question] In a superficial summary of the 10 years under the government of the Peruvian FA, what examples could you give on the positive side and which ones on the negative side?

[Answer] There would be many examples on the positive side; the transformations that have been produced in Peru as the result of actions of the revolutionary government of the FA are structural changes that exclusively affect Peru. As to structural changes fundamentally but not exclusively Peruvian, we can point to the agrarian reform, the educational reform and the business reform which means worker participation in profits and on the board of directors. There are a number of aspects related to control of the natural resources of the country--for example, in the oil and mining sectors. The majority of the structural changes, in their essence, are included in the new Peruvian constitution that the Constitutional Assembly is drafting.

Andean Pact

[Question] After the Cartagena summit meeting what adjustment, in your opinion, must be made to the "Andean Pact" to make its actions more dynamic?

[Answer] We believe that the integration model that the Andean subregional group promotes is presented as a valid option to confront the growing needs of our peoples. The economic, social and political integration that we propose in the subregional area must be oriented toward the expanded framework of the region as a whole and, at the same time, favor horizontal cooperation as a dynamic mechanism of development and a means to accentuate our interdependence, reaffirm our integrationist vocation and reveal the solid spirit that inspires us.

For the progress of our countries toward their common destiny, our region has been endowed with instruments and mechanisms whose implementation has been translated into a rapid intensification of exchange in every area. This has led to a growing and fluent communication on many levels.

Fundamentally, over and above any differences, we honestly accept our condition as developing countries and understand that this ties us to countries in other regions that are in similar situations.

Newspapers

[Question] What measures will your government adopt to solve the situation of the newspapers expropriated in July 1974? Is return to their former owners being studied?

[Answer] The government of the FA is carefully studying any practical formula that would solve the problem of the newspapers that were expropriated beginning in 1974. We are studying one formula. We have practically made a commitment to the country that we will solve this problem of the expropriated newspapers before the political transfer takes place in Peru. One alternative being studied is to return them but this has not been decided yet. In summary, the problem is complex.

7717

CSO: 3010

CHILE'S NONCOMPLIANCE WITH 1929 TREATY STUDIED

Madrid EFE in Spanish 1904 GMT 2 Sep 79 PA

[Text] Lima, 2 Sep (EFE)--Peruvian Foreign Minister Carlos Garcia Bedoya said today that the government is studying the situation created by Chile's failure to comply with commitments assumed in signing of the Ancon Treaty of 1929, whereby Peru ceded the city of Arica in order to recover the city of Tacna. "We are collecting information on the matter," he said, "because there are, in fact, many elements to be taken into account before adopting a firm position on the matter."

Garcia Bedoya was approached on the subject before his departure for Havana with the Peruvian chief of state to attend the Sixth Nonaligned Summit Conference.

The Lima paper NOTICIAS had brought the matter up, demanding a pronouncement by the foreign minister on the subject. According to former parliamentarian and jurist Alfonso Benavides Correa, who writes for the paper, for the past 50 years to date, Chile has failed to comply with all its commitments contracted in Article 5 of the Ancon treaty of 3 June 1929 to annex Arica.

Benavides Correa claims that Chile has not constructed, at its own expense, a dock on the Arica Bay for the exclusive free use of Peruvian vessels. Neither has it built a Peruvian customs office, the Tacna-Arica railroad terminal, or provided other installations and areas in which Peru could enjoy "the most ample facilities of a free port."

The jurist also recalls that Chile committed itself to building a symbolic monument of friendship with Peru at the Morro de Arica. Instead, he adds, it has erected a statue of a marching soldier, "with the most unfriendly and threatening slogan: Chilean, always look to the north."

Garcia Bedoya noted that once the study is completed there will be a decision on the matter. He refused to voice an opinion before the study is completed.

The chief of Peruvian diplomacy reported that during the nonaligned summit, President Morales Bermudez will contact some chiefs of state—he did not identify them—in addition to a meeting with the foreign ministers of the other Andean Pact member nations: Bolivia, Colombia, Ecuador and Venezuela.

Garcia Bedoya reiterated that Peru will defend the authentic principles of nonalignment, which include nonacceptance of the hegemony of any center of power. At the same time, it will promote a constructive policy of understanding and negotiation with the big powers for the realization of the aspirations of the Third World nations in their struggle against underdevelopment and dependence.

CSO: 3010

U.S. SEA POLICY APPEARS TO HIDE AGGRESSIVE PURPOSE, PAPER SAYS

Lima EL COMERCIO in Spanish 21 Aug 79 p 2

[Editorial: "South Pacific System and United States"]

[Text] Defense of the 200-mile territorial sea has spread in Latin America as well as in other areas based on its compatibility with the present needs of the majority of the nations in the world.

The international legal community feels that the time when the maritime powers imposed their hegemonic criteria in detriment to the vital interests of the less powerful people who are in the majority is behind us now.

One disturbing factor in this situation which also affects the improvement of relations between the two halves of our hemisphere has arisen recently due to reports concerning instructions given to U.S. ships and airplanes to challenge the maritime jurisdictions of other countries that exercise sovereignty and jurisdiction over more than 3 miles, the classic territorial sea which is anachronistic and prejudicial to protection of the wealth of the zones close to the shores of the Latin American republics and other countries.

The foreign ministers of Ecuador, Chile and Peru--traditional members of the South Pacific System--and Colombia (new member of the group established by the Santiago Declaration of 1952) protested "the official statements of the government in Washington which corroborate that information" through a strong document made public simultaneously in Quito, Santiago, Lima and Bogota on 18 August.

These foreign ministers feel that, at the present stage of evolution of the Law of the Sea, "any pretension of lack of awareness of the validity of the new institutions is brazen." Therefore, they express their disagreement with the Washington statements which are part of "a policy that seems to be inspired by aggressive intentions."

On this occasion, the foreign ministers of the South Pacific System presented "the full extent of their laws whose eventual violation would be the responsibility of those who tried to violate the maritime zones" over which they exercise these laws peacefully, without prejudice to freedom of communications.

The countries that defend the 200-mile territorial sea have suffered harsh reprisals from the powerful nation in the north for defending their fishing resources to the full extent of that area with corresponding national legislation.

This must not happen again. Therefore, the joint declaration of the foreign ministers of the member countries of the South Pacific System invokes the solidarity of our peoples with the objective of "rejecting every type of pressure and threat that impedes or hinders the negotiations of the Law of the Sea Conference," a conference which has approved the 200-mile territorial sea but is now stuck on the important subject of exploitation of the mining and energy wealth of the sea beds which the multinational enterprises want to exploit without considering the developing countries.

The declaration of the members of the South Pacific System also makes a call "to the peoples who uphold similar maritime policies" concerning the aspiration to construct a more just, equitable and efficient maritime legal system than that imposed by the hegemonic powers, a legal system which has become one of the banners of our peoples at the mentioned UN conference.

7717

CSO: 3010

EMERGING PPC FIGURE MIGUEL ANGEL MUFARECH INTERVIEWED

Lima GENTE in Spanish 20 Jul 79 pp 32-34

[Interview with Miguel Angel Mufarech by Cesar Reategui: "The Man With the Golden Arm"]

[Text] Talking about Miguel Angel Mufarech is for many people to talk of the financial support of the PPC [Popular Christian Party]. They ask how is it that he holds such a prominent position in the PPC when he is so young. Others attack him claiming that he represents Arab interests and those of foreign capital in Peru; that he is insensitive because he was "born with a silver spoon in his mouth." "Mufa," as we called him in high school, came from the hardest-working segment of the middle class. His father, Jose Mufarech, was Lebanese and arrived in Peru without a cent. He began by starting a small laundry business which he built up with his sons. Miguel Angel and his brother "Coco" went to work in Peru Dry Cleaners every day after school and as the years went by they climbed up the ladder like any other employee. Thus, Miguel Angel can quite naturally understand the hopes of the great majority of Peruvians and he knows what it is to "earn his daily bread with the sweat of his brow." His remarks are as follows.

[Question] To what extent did the decision of the AP [Popular Action] not to participate in the Constituent Assembly election favor the PPC?

[Answer] To the same degree or less as APRA [American Revolutionary Popular Alliance] and the left. APRA, for example, won in such AP bastions as Loreto, Cuzco, Piura, and San Martin. In Tacna and Moquegua, where AP habitually won, the left won clear-cut victories this time. The latest returns give the PPC 26 percent; therefore I do not believe we owe anything to AP.

[Question] How are relations between the PPC and APRA right now?

[Answer] They are, in general, as cordial as one would expect between two democratic groups that have discharged to the letter the serious responsibility entrusted to them by the electorate to draft a new Constitution. Of course, sometimes APRA uses a double-barreled shotgun.

[Question] Do you think that an AP-PPC pact is possible, or can the PPC go into the 1980 elections alone?

[Answer] I said in a previous statement to LA PRENSA that an alliance between two parties that have much in common, such as the PPC and AP, would be correct and besides would win overwhelmingly in the elections. Unfortunately, it appears that there is more than one arrow in the AP bow. Dr Bedoya has said that the circumstances oblige us, much to our sorrow, to enter the campaign by ourselves. And I say "much to our sorrow" because we in PPC have been constantly saying that the next government will have to have a broad base. But let me make it perfectly clear that this does not mean that we do not have complete confidence that we will win a plurality of the votes.

[Question] If you win, what will be the PPC's greatest concern, in your opinion?

[Answer] To solve the serious economic crisis of the country, which is now unbearable, which means, among other things, inexpensive medicines, creating jobs; to restore morality in the country; to insure public order under the rule of law. In addition, to build confidence, stimulate and guarantee private property, provide incentives for small and medium mining companies and farmers. Also, reduce inflation, reduce the very high tax burden, attract savings and foreign investment, increase production and productivity, and achieve a just redistribution of wealth among all Peruvians.

[Question] What is the chief problem left us by the military government?

[Answer] Besides the serious economic crisis which I just mentioned, there is lack of freedom and a press and TV manipulated by the OCI [Central Information Office]. The nation is demoralized. We have to help the public recover its confidence and faith in its rulers.

[Question] Would you describe the position of the present regime as complacent?

[Answer] Definitely, yes. Look any foreigner who visited Peru and read the controlled newspapers or heard the news on television would think we lived in the best of both worlds. Statistics have been published showing Lima to be one of the least expensive capitals in the world. It is too bad that they forgot to say that this is only true of those who

come to Peru with dollars and are favored by the tremendous devaluation of our sol. Also, every time they obtain a loan they treat it as if it were a gift and not something that has to be repaid.

[Question] How do you feel about getting into polemics with an experienced politician? I am referring specifically to your polemic with the leader of the Christian Democrats.

[Answer] The satisfaction of defeating mere verbal agility with the weapon of the truth. To me, Cornejo is a Sophist, a dogmatist, a theoretician, and resentful. When he speaks, he reminds me of an idealistic curate who wants to be pope and cannot. When words do not reflect facts, no matter how brilliant they are the public rejects them. I think he is the most charismatic of all the disagreeable politicians. This is why he was defeated in the recent elections for the Constituent Assembly and within his own party in their recent elections. Just consider the recent wave of resignations by the most distinguished personalities that still remained in that group.

[Question] Do you think Cornejo Chaves will end up becoming pro-Aprista? And why?

[Answer] I would not be surprised. His recent attitudes show that he is trying to catch hold of the only means of political salvation left open to him. You ask why. Because his entire career is a series of turnabouts. He was opposed to Belaunde and then he joined him; he was against the 1968 military coup and later he jumped on the bandwagon; he was against APRA and look how he ended up in the Assembly; he attacked the left and now he is trying to see how he can join them. He is a cat with nine lives, each one of which has a different political position, although fortunately for the country we will never again see him in politics, according to his own statements. Now his seconds, who are using him against the PPC, have changed his eyeglasses for contact lenses...direct.

[Question] Do you think Peru needs a right-wing government? Why not a left-wing one?

[Answer] Peru does not need a government either of the right or the left. It urgently needs an honest, capable, government respected by its people; men with managerial ability, with the capability of meeting the challenge left by a government that has destroyed our economy, and what is more serious, our faith. Men like Luis Bedoya Reyes, who became mayor of Lima in similar circumstances and did things never before accomplished. He kept the entire city clean and orderly, and with an eye to the future he built the expressway against the stubborn opposition of Congress. He got rid of the gangsters and built a new market. Understanding the problem of the street vendors, he succeeded in having his decisions respected. He brought in buses for mass transit. These are only some examples of the performance of an executive of the kind that Peru, now more than ever,

needs. We are at a crossroads where we cannot take risks. Bedoya is a man who has already made an excellent record recognized by friend and foe alike.

[Question] Why are investments lagging in spite of the green light from the government?

[Answer] Simply because there is no confidence in the government. They have an impressive record of marches and countermarches. One day they pass a law offering incentives, and the next day they change it or annul it. And this is not just me. A member of the government itself, Gen Juan Sanchez, has just mentioned this point negatively in his letter of resignation.

[Question] Sincerely, Miguel Angel, who is or who are at fault in the teachers' situation?

[Answer] It is the government's fault. They are just one of the many sectors that have suffered from the ineptitude of the rulers. They were given an offer, and it was never made good on. However, I wish to state clearly that alongside the just demands of the teachers there are the extremist leaders who exploit the matter politically without regard for the damage they are causing to millions of schoolchildren. I am in favor of the just demand for an increase for the teachers, I am in favor of a dialog on the part of the government, but I am not in favor of our children being used as cannon fodder by leaders of Patria Roja against the wishes of the entire country.

[Question] What would the PPC do if it gained power? Would it allow the left to continue to grow?

[Answer] If the PPC comes to power, as we believe it will, it will try to neutralize the left with good policies. Never with repression or cruelties. Do not forget the slogan of the PPC: "order under the rule of law." Look, if you provide the poorest people with work, education, health, and food, the left will have nothing to do, nor would they be able to foster disorders; it would simply disappear. It is through jobs, not by force, that Peru will forget about the left.

[Question] As the national organization secretary, what can you tell us about the nationwide growth of the PPC?

[Answer] It is impressive how it is growing each day both in quality and quantity. It will not be until 1980 that the real strength of our party will become known; in 1978 we went into the election with an incipient organization. I will give GENTE a scoop, and it is this: the party organization, of which I am in charge, has throughout the entire country 400 loyal political committees operating in districts, provinces, and departments.

[Question] Is it true that the PPC has had some problems in getting permission to go on television?

[Answer] That is absolutely true. They have refused to grant this to us in several provinces, such as Chimbote, Huaraz, Huancayo, Tarma, and Cuzco. You cannot imagine how they distort and minimize our statements and actions in the controlled press and the TV channels.

Everything is in favor of APRA and sometimes the left, but always against the PPC.

There is an agreement between APRA and the left to present us as the extreme right. But the people will not be fooled. The people know what they want, they know what is good and who can give them it. That is our guarantee and assurance that the PPC and Bedoya will triumph in 1980 in the first round.

9015

CSO: 3010

TV EXPOSED FOCEP CHIEFS AS IGNORANT DEMAGOGS, PAPER SAYS

Lima OPINION LIBRE in Spanish 21 Aug 79 p 2

[Text] Once more the television public had the opportunity to see the ignorance and demagoguery of another of the leftist leaders and presidential candidate, Genaro Ledesma Izquieta. Earlier they had seen the picturesque Trotskyite pseudo-guerrilla, Hugo Blanco.

They all expected a better argument from Ledesma facing his occasional rival, Carlos Enrique Melgar, a member of the "group of seven" of APRA [American Revolutionary Popular Alliance]. The magazine MARKA had been demanding that APRA leader Alfredo Barnechea promote a debate between the two politicians. The communists of MARKA argued that the OCI [Central Information Office] had vetoed the confrontation because it was sure that Ledesma "would throw a rolling pin at the government".

Neither Chana nor Juana

The debate began with Ledesma stating that the present economic crisis was solved solely and exclusively by the "increase of production." Up to there, everything was fine. Then he added something which provoked a reply from Melgar. The FOCEP [Student Peasant Worker Popular Front] leader said that the "state" had to hold the key to the economy; it had to decide what to invest in what priorities. He criticized the new constitution, indicating that it gives the private sector predominance. He added: "It has been promoted to orchestra conductor".

Carlos Melgar began his reply saying that he deplored the fact that Dr Ledesma did not even stop at revising the articles of the new constitution. He verified that no chapter or article states that foreign or domestic capitalism will direct our economy. He added that Article 2 and Articles 110, 111 and 112 state that the objective

of the economic realization is to satisfy the needs of man and that the state is the body that must coordinate planning in order to fulfill that objective. He said: "The economic system, although it is not the best, guarantees social justice and the advancement of man in a free and democratic society".

Facing this forceful response, the adviser to unions and person responsible for many miners strikes in central Peru faded completely. He began to speak about the problem of the teachers, the small or nonexistent purchasing power that the people have for food, etc., and reaffirmed his position that the reordering of the economy must be based on "nationalism".

Facing a rival without arguments, Melgar began to theorize about the way to solve political and economic problems in a democracy and the difference between doing this under a totalitarian regime. He said that there are totalitarian groups in the world that believe that power must be taken with weapons which leads to the imperious need to oppress man. "Human rights are not respected at all there. In a democratic society, on the other hand, things are different. Here there is free play by parties and institutions and the sovereign will expressed by the ballot is respected," he said.

At this point, Ledesma wanted to act "native" by taking Melgar's words in another sense. He said that there were totalitarian sectors but these were composed of "bloodsucking capitalists" who throw out (sic) formulas of alleged democracies that the people did not even have the chance to practice because they do not even have the right to life. "That totalitarianism has to be conquered by the people," he stated.

At this time in the debate (?), Melgar courteously but sarcastically stated: "Dr Ledesma understands Chana for Juana as Ricardo Palma said in one of his Traditions". He returned to the subject to confirm that "the totalitarian political system does not accept the sovereignty or the will of the people as is seen, for example, in Moscow, Beijing, etc."

Ledesma Advocates Foreign Financing

In another part of their explanations, in answer to Melgar's question about foreign capital, Ledesma answered: "It was necessary but they did not accept it as an investment; the state must administer the loans, channel them and control them".

To the surprise of the "neo-APRA member" Barnechea, Melgar told Ledesma: "Sir, those are APRA ideas. I am pleased that you have regressed to 1928 and affirm the philosophy of Haya de la Torre on how to handle foreign capital".

In summary, it was a debate that had a winner--Melgar--and a loser who has shown himself to be an ignoramus--Ledesma.

EDITOR VIEWS SHOCKING GAP BETWEEN TEACHERS, SOLDIERS PAY

Lima EQUIS X in Spanish 22-28 Aug 79 p 3

[Editorial by Julio Cabrera Moreno: "How Much Do Teachers and Soldiers Earn?"]

[Text] Using the pompous name of "Educational Development Law," the military dictatorship has pretended to give an important wage "increase" to teachers but what it has actually done is mock the teaching profession and try to deceive all the other Peruvians.

That "increase" is barely 16 percent for the immense majority of the 140,000 teachers. For a very few--not more than 5,000 people--it reaches 48 percent. This last truly favored stratum includes, according to the government, "the directors of the communal educational nuclei and the directors of the ESEP [Professional Education Schools]."

The insignificance of that 16-percent "increase" is obvious when it is learned that, even including it, the real wages of the teachers have decreased by 30 percent since 1970 due to inflation. Along with that ridiculous "increase," the government has decreed an increase in the work load of the teachers, changing the so-called "teaching hours" to "chronological hours" so that they are now obliged to work 8 hours more than in the past. Since this expansion of the teaching day is not compensated, as would be legal and fair, then the alleged "increase" is, in actuality, a compulsive reduction of wages. This violates the norms in the labor legislation concerning working conditions.

The military dictatorship apparently believed that the teachers are poor recruits ready to automatically accept--"without doubt or question"--the fake "increase." It also believed that the teachers are miserable traitors who, for a few coins, would end the strike, turning their backs on their imprisoned and dismissed colleagues. Evidently it also believed that the entire problem would be solved

with an open bribe of the top hierarchy of the educational sector which makes it possible to continue the fiction of school "normalcy."

However, the teacher strike continues. The teachers remain firm in the fight for freedom of their prisoners, reinstatement of the dismissed teachers, recognition of their SUTEP [Single Union of Education Workers], payment of their discounted wages and fulfillment of the 1978 Act. As to wages, the teachers want the state to invest in education at least the same amount that it spends on defense and concretely wants teachers paid as much as the soldiers pay themselves.

Civilians must know that a second lieutenant just out of military school earns approximately 40,000 soles--that is, more than the well-paid teacher who has worked for more than 20 years and only receives 39,000 soles. A lieutenant receives about 50,000 soles, more than a director of NEC or ESEP (including the latest increase) who only receives 42,000 soles. Then there are the wages of captains which are almost 60,000 soles, majors at 70,000, commanders at 82,000, colonels at 100,000, brigade generals at 130,000 and division generals at 150,000. The last, as is well known, also receive a car, chauffeur, butler and 100 gallons of gasoline per month from the state so their real wages are twice the figure on the payroll. This also does not include the cooperative services, health care and privileges that the officers of the three branches enjoy.

Can anyone justify these great differences and the social gap under conditions such that the privileged people refuse to even dialog with the teachers who demand only a minimal and equal increase for all teachers?

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PERU

BRIEFS

PETROLEUM PRODUCTS PRICE HIKE--Lima, 8 Sep (AFP)--The Peruvian Government today decreed an 11-percent fuel price increase which, according to an official announcement, will be effective 9 September. Eighty-four octane gasoline, which used to cost 180 soles, will now cost 200 soles. Ninety-five octane gasoline will go from 206 to 230 soles (235 soles per dollar). According to the announcement, the fuel price increase is to partially cover education workers' wage increases. [Text] [Paris AFP in Spanish 0510 GMT 9 Sep 79 PA]

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VENEZUELA

1975 OIL REVENUE TO SURPASS EXPECTATIONS

Six Month Activity Report

Caracas EL UNIVERSAL in Spanish 16 Aug 79 p 12

[Article by C. R. Chavez]

[Text] Petroleum activity in Venezuela during the first half of this year has produced unprecedented returns in fiscal and financial revenue for the nation. These earnings were the result, in the first place, of improved resource management and decision-making by the directors, technical staff, administrators, and workers of the industry, and of the higher international oil prices. All of this combined to mean a national payment per barrel of petroleum produced and sold that on the average was above 46 bolivars.

This was confirmed in the 6-month activity report for the January-June period, in which each of the areas of activity of the industry is described. The stockholders' meeting held yesterday lasted 5 hours; it was attended by the president of the stockholders' association, Dr Humberto Calderon Berti, in his capacity as minister of energy and mines and representing the single shareholder of PDVSA [Venezuelan Petroleum Corporation], the Venezuelan nation.

Exploration

During the first 6 months about 12,000 kilometers of seismic lines were surveyed all over the country, of a total of 23,000 kilometers scheduled for the entire year. During the second 6-month period, the aeromagnetic surveying of a large part of our national territory will be done, with a coverage of 400,000 square kilometers. Of this total, one-third is on the continental shelf.

Of 50 wells active during the first 6 months, exploration by drilling was as follows: 38 wells were drilled to the following levels: 12 to the Cretaceous in Maracaibo; four to the Cretaceous in Urdaneta and Perija in the state of Zulia; four in the Gulf of La Vela; 18 to the Tertiary in Oriente and Barinas. To date 17 wells have been drilled outside of the assigned areas, 10 of which were on the continental shelf (offshore coast). The second exploratory well of the scheduled program is now being drilled in the Tuy-Cariaco basin.

In the Orinoco oilfields, in addition to the regional studies, the exploratory planning study and the seismic surveys done so far, there are 70 locations that could be drilled during 1979. Of the 50 wells active during the first 6 months of this year, nine have proven successful, with important discoveries made. One major find of non-associated gas was the Patao IX well, whose production potential is estimated at 60 million cubic feet a day, and it is believed that this well's reserves are about 1 billion cubic feet. The reserves listed as a result of this exploration are estimated at 60 million barrels.

The Orinoco Oilfields

The planning studies for the development of the first production-refining module in the Cerro Negro-Cogollar area are continuing at a rapid pace. These plans will define the studies and research that must be done in order to carry out this project successfully.

The studies done so far show that these projects are highly complex and call for large amounts of human and financial resources. It is estimated that the studies needed to define the final project will require a million manhours of engineering and will be ready by mid-1981.

The 1979 exploratory program includes drilling 70 wells and surveying 3,057 kilometers of seismic lines, at a total cost of 195 million bolivars. The production test program continued during the first 6 months with very good results, indicating that even the heaviest crudes offer prospects for primary production.

Production

Crude production during the first half of 1979 was as follows.

	Thousands of Barrels a Day (MBD)	%
Light	829	35.4
Medium	805	34.3
Heavy and Extraheavy	711	30.3
Total	2,345	100

Production of gas liquids was 67,000 barrels a day.

In Puerto La Cruz, 95 percent of the basic engineering has been completed.

Foreign Trade

Export sales during the first half of 1979 were:

Grand total: 2,124,000 barrels a day.

Sales of heavy crude totaled 517,000 barrels a day, 24 percent more than in the first half of 1978; this reflects the special efforts made in this area.

Sales of heavy fuels were 594,000 barrels a day.

Sales to non-traditional clients were larger than in 1978 and came to 42 percent of our exports, compared with 35 percent in 1978; 898,000 barrels a day were exported to these clients.

The average sale price was \$14.54 per barrel during the first half of 1979, an increase of \$2.54 (21 percent) over the first half of 1978.

A new contract system was established for heavy fuels; their prices can be recalled and adjusted at any time, based on market conditions.

Domestic Market

Local sales, including international bunkers, aviation, and marine sales in the first 6 months averaged 298,000 barrels a day, or nearly 16 percent more than the average of 258,000 barrels a day during the same period of 1978. This growing consumption is of concern to the Venezuelan Petroleum Corporation.

The enlargement of the El Palito lubricant mixing plant is now 95 percent complete. Eight new stations have been opened and six have been remodeled. All are owned by third parties, with

technical and financial support provided by the Venezuelan Petroleum Corporation. Now 28 new stations (four owned) are being built, and 34 are being remodeled. As part of the transport program, during this period 42 gondolas owned by this service were added.

Financial Returns

Consolidated net earnings of the industry were 4.809 billion bolivars and the fiscal participation was 15.856 billion bolivars, which means a national participation of 20,665 billion bolivars. The nation's share per barrel produced was 46.62 bolivars.

The preceding figures represent significant increases for the same items over the same period of last year. Essentially responsible for this increase was the increase in the export price, which for the first half of the year was \$14.54 per barrel, compared with \$12.04 per barrel in 1978.

Projected 1979 Earnings

Caracas EL UNIVERSAL in Spanish 18 Aug 79 p 6

[Text] A very conservative estimate of the total revenue of the national petroleum industry for this year, 1979, places the amount of this income at 48.293 billion bolivars, despite the fact that real expectations suggest that the amount of revenue earned by the petroleum industry from both national and international sales should be somewhat over 50 billion bolivars.

The earnings and losses statement that the Venezuelan Petroleum Corporation released, which shows the revenues and expenses incurred during the first half of 1979, and the estimate, based on the industry budget, for the entire year, contains one obvious and illuminating fact: the estimates were made on the basis of the oil prices in effect as of 1 January of this year. But the successive price increases in March, April, and June have caused the industry's earnings for the first 6-month period to have been 52 percent of the goal for the entire year, as may be seen in the following chart. But if the effect of these increases and the volume of exports for the second half of the year, which will be slightly over 2 million barrels a day, are taken into account, it is easy to imagine that the real income for this 6-month period will be substantially greater than in the first half of the year, which was considered excellent.

Millions of bolivars

	Earnings (Jan-June 79)	Estimated 1979*	%
Export sales	23,931	45,480	53
Overseas	109	370	29
Local/gas	1,069	2,443	44
	25,109	48,293	52
Overseas purchases and imports	195	42,293	52
Inventory (increase) decrease	124	(156)	
Fiscal share	15,856	29,100	54
Gross margin	8,934	18,897	47
Operating costs	3,368	7,779	43
Technological aid	73	1,462	51
Depreciation	712	1,455	49
Legal percentage	1,599	3,507	52
Fiscal earnings	2,516	5,144	49
Venezuelan Petroleum Corporation	694	1,200	58
Legal percentage	1,599	3,057	52
Industry total	4,809	9,401	51

*Revised in May 1979.

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VENEZUELA

MARAVEN DESIGNS WATER-OIL SEPARATION SYSTEM

Caracas EL UNIVERSAL in Spanish 16 Aug 79 p 28

[Article by Ligio Galindez]

[Text] Maracaibo, 15 Aug --MARAVEN has successfully completed the practical application of a design for the separation of crude oil and water, which will shortly enable it to optimize its crude dehydration process. This is the first time in the world that this laboratory design has been put into practice, reported the head of the production chemistry department of this PETROVEN [Venezuelan Petroleum Corporation] subsidiary, Osmel Manzano. Mr Manzano also reported on some important features of the modifications introduced by MARAVEN's engineering staff.

Manzano said that this is a process known as "coalescence tubing." The original principle came from Royal Dutch/Shell, but the Venezuelan engineers studied it and applied other hydrodynamic features, which were included in the calculations and design, and offered the advantage of being able to make tests in the field at the same time as those done in the laboratory. When the results are compared, they lead to the correct design.

Manzano said that it is evident that one of the problems in extracting hydrocarbons is the separation of water from the crude: to produce crude without water for refining and water without crude to avoid pollution.

Three steps are traditionally required in this separation process: first, a chemical product or desalting agent is added. This destabilizes the emulsion. In the second step this product and the emulsion are mixed with the appropriate

energy. Lastly, there is a period of repose in which the water and oil are separated. It is actually during the second step that the "coalescence" takes place by means of tubing with particular dimensions.

After explaining how the process works, Mr Manzano said that MARAVEN began to use this system in the field last year at Mene Grande. Its results have been about 98 percent positive. Because of this success, it has been extended to Bachaquero and Cabimas, where it has been of great value in avoiding environmental pollution and in reducing the consumption of desalting agents; furthermore, the costs of construction, maintenance, and operation are quite low, said Manzano in conclusion.

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VENEZUELA

BRIEFS

ADDITIONAL CREDITS APPROVED--With the second reading of the Public Credit Law in the senate chamber, the national congress closed its first series of sessions of the initial year of the 1979-1984 constitutional period. At noon yesterday the upper chamber, after listening to a lengthy speech by the Urredista [Democratic Republican Union] senator, Angel Brito Villarroel, approved the Public Credit Law. Its original version proposed by the national executive had requested 8.997 billion bolivars. This amount was cut by the finance commission of the chamber of deputies to 7,458,417,000 bolivars. This new funding will be used to pay debts and to contract debts before 31 December 1979 on behalf of the republic, government departments, independent institutes, state enterprises, and other agencies of the decentralized administration. [Text] [Caracas EL NACIONAL in Spanish 18 Aug 79 p D-12] 7679

STATE COMPANIES INVESTIGATED--The attorney general of the republic, Dr Pedro Mantellini Gonzalez, said that his department is at this time compiling information on the alleged administrative irregularities reported by the president of the Venezuelan Investment Fund. Dr Mantellini explained that although he has received no official request to open an investigation of this matter, the office of the attorney general is compiling information on the structure of the state enterprises in order to be able to determine which could be responsible for the irregularities reported by the president of the Venezuelan Investment Fund. Upon completion of this investigation, if sufficient grounds are found by the attorney general's office, a judicial inquiry will be opened. [Text] [Caracas EL UNIVERSAL in Spanish 16 Aug 79 p 1] 7679

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